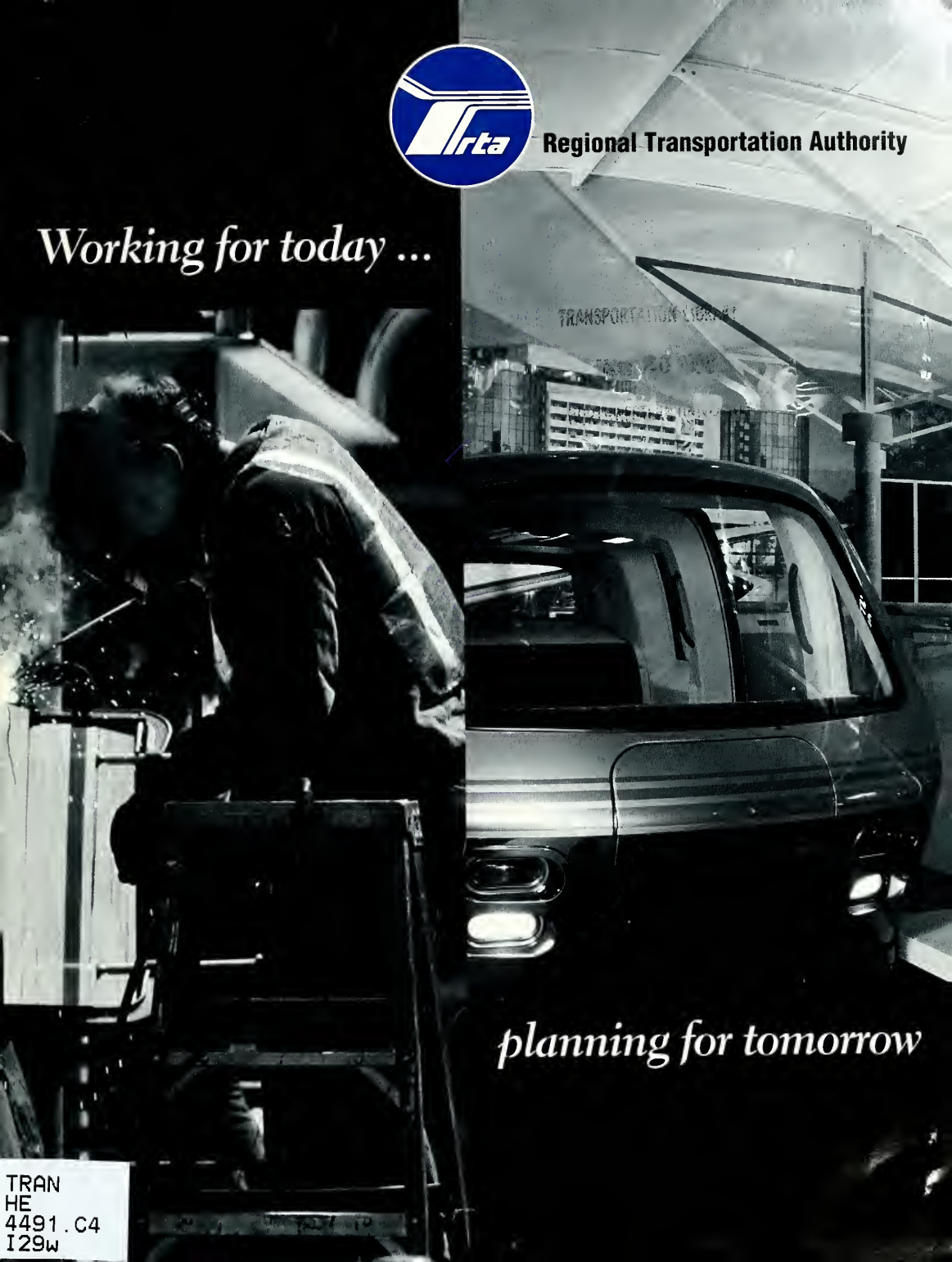

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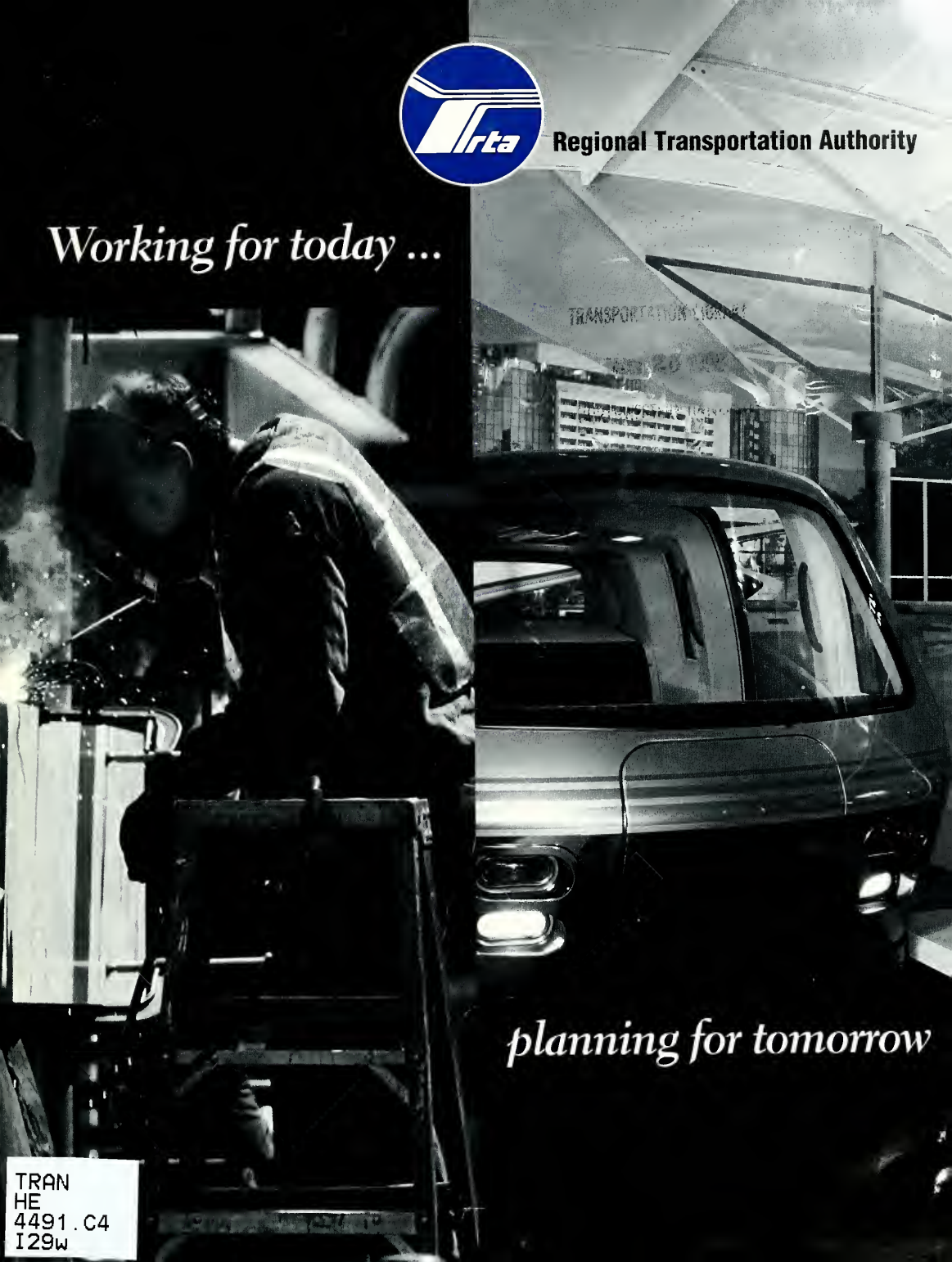

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Welcome to working for today... planning for tomorrow.

This brochure is a general introduction to the Regional Transportation Authority. It provides an overview of our history, mission, governance, financial oversight, programs and initiatives. We hope it answers your basic questions about what we do to insure financially sound public transportation in northeastern Illinois.

Thomas J. McCracken Jr.
Chairman

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- RTA Reduced Fare Card
- RTA Website

Regional
Transportation
Authority

181 West Madison
Suite 1900
Chicago
Illinois 60602
312.917.0700

Northwestern University
Transportation Library
1935 Sheridan
Evanston, Il 60208

Dear Colleague:

Enclosed please find a copy of *"Working for today...planning for tomorrow,"* our introductory brochure to the RTA.

This brochure briefs the taxpayer on the RTA's purpose as set down by the legislature and our activities throughout the year. It covers our history, mission, governance and major initiatives. Since our primary role is financial oversight, the brochure covers RTA system financing and the RTA budget process in detail. Public transportation funding and oversight are complicated topics. I think this brochure makes them accessible to all.

More copies of *"Working for today...planning for tomorrow"* are available. Should you wish additional copies for distribution to your friends, group or constituents, please don't hesitate to call us at 312-917-0700, and ask for Gloria Bell.

Thank you for your time and attention.

Sincerely,

Thomas J. McCracken Jr.
Chairman
Regional Transportation Authority

Enclosure

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OVERVIEW OF THE REGIONAL TRANSPORTATION AUTHORITY

The Regional Transportation Authority (RTA) has undergone several changes since its establishment in 1974. These changes have included the agency's mission and governance. However, the agency's core function of financing the RTA system is relatively unchanged and the system itself remains one of the largest in the world.

History and Mission

The RTA's mission, as stated by the Illinois General Assembly and adopted by the voters of our region, is to insure financially sound, comprehensive and coordinated public transportation for northeastern Illinois.

The RTA was created in 1974 upon approval of a referendum in the northeastern Illinois region of Cook, DuPage, Kane, Lake, McHenry and Will counties. The RTA is a special purpose unit of local government and a municipal corporation of the State of Illinois. Initially the RTA provided financial assistance to the then-existing public transit operators. The RTA's role subsequently expanded to include the acquisition and operation of public transportation carriers as well as contracting to provide service.

In 1983, the *RTA Act* was amended to make substantial changes in the RTA's organization, funding and operations. The amended *Act* placed all operating and fare responsibilities in three "Service Boards" (the Chicago Transit Authority, or CTA, Metra and Pace) and gave the RTA increased oversight powers concerning budgets and a responsibility to monitor the financial condition of the Service Boards. Additionally, the RTA was given responsibility for issues requiring a regional perspective, including the coordination of transportation planning activities, market development, and insuring compliance with federal and state guidelines.

To guide the RTA's financial oversight, the *Act* requires the RTA Board of Directors, which is described below, to approve an Annual Budget and Two-Year Financial Plan. The *Act* further requires that half of the operating expenses of the entire RTA system must be covered by farebox revenue. Additionally, the RTA Board of Directors is required annually to review and approve a Five-Year Capital Plan, which is a blueprint of the capital activities to be funded by the RTA and executed by the CTA, Metra and Pace.

RTA Governance

The RTA Board of Directors consists of 12 members and a chairman from the six-county region. The membership includes five directors appointed by the Mayor of the City of Chicago, including one director who is also Chairman of the CTA; four directors appointed by the suburban members of the Cook County Board; two directors appointed by the Chairmen of the County Boards of Kane, Lake, McHenry, and Will counties; and one director appointed by the Chairman of the DuPage County Board. Election of a chairman requires the agreement of at least nine directors. Terms for the Chairman and Directors are five years on a rotating basis.

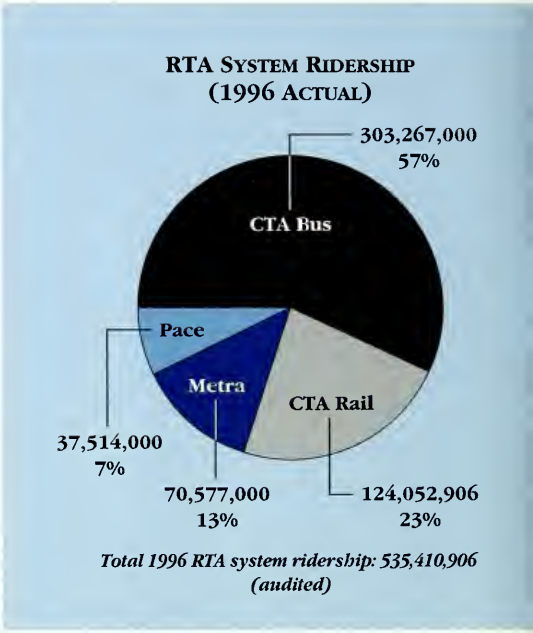
The RTA Board has established the following six standing committees for the conduct of Board business:

- Administrative Committee, which considers matters relating to RTA operations.
- Audit Committee, which authorizes and supervises all audits or reviews conducted pursuant to law, agreement and practice.
- Chairman's Coordinating Committee, which considers matters referred to it by the

Chairman of the Board of Directors. The Chairman's Coordinating Committee is comprised of the Chairman and the Chairmen of the standing committees of the RTA.

- Finance Committee, which considers the revenues and expenses of the RTA system, specifically the operating budgets and capital programs of the RTA and the Service Boards.
- Mobility Limited Committee, which considers compliance with the *Americans with Disabilities Act* (ADA) and ADA paratransit eligibility certification as well as other issues relating to the provision of public transportation services in northeastern Illinois to elderly individuals and individuals with disabilities.
- Planning Committee, which considers RTA system planning issues, RTA and Service Board capital plans and programs and special planning studies.

The RTA Board employs a professional staff of approximately 75 which is led by an Executive Director. The staff is organized in several departments, including finance, planning, public affairs and human resources. The RTA's administrative budget was capped in 1985 at $5 million and restricted to annual increases of five percent of the prior year's limit. The RTA has consistently operated under its administrative cap.



The RTA System

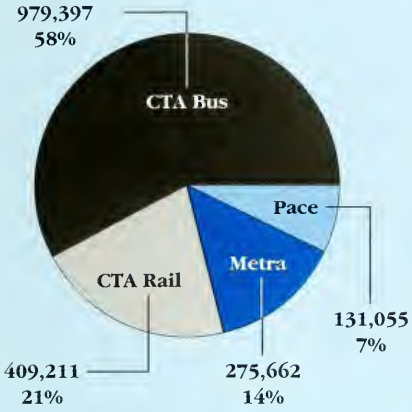
The RTA system includes:

The Chicago Transit Authority (CTA), which provides bus and rapid transit service generally within the City of Chicago and to 38 suburban municipalities. CTA buses carry approximately 1.1 million weekday riders while CTA rapid transit carries approximately 400,000 weekday riders.

The Commuter Rail Division (Metra), which provides commuter rail service connecting downtown Chicago with 68 other Chicago locations and 100 suburban communities. Metra carries approximately 270,000 weekday riders.

The Suburban Bus Division (Pace), which provides fixed-route bus, paratransit and vanpool services to 200 communities throughout the suburbs and from suburban locations to the City of Chicago. Pace carries approximately 130,000 weekday riders.

Weekday RTA System Ridership (1996 Actual)



Total weekday RTA system ridership: 1,795,325

Each of the Service Boards is led by a Board of Directors, which determines levels of service, fares and operational policies.

The RTA system is the second largest in North America measured by unlinked passenger trips, with more than 535 million rides in 1996 (see charts above). However, as with other major systems across the country, ridership has trended down over the last decade. The system covers 3,700 square miles in the six-county region which according to the 1990 census, has a population of 7.3 million people.

The RTA system includes 363 bus routes, 329 route miles of rapid transit service with 140 stations, and 1,189 miles of commuter rail service with 240 stations. The combined assets of the RTA system are valued at more than $19 billion and include nearly 1,200 rapid transit cars, 941 commuter rail cars, nearly 2,500 buses and 130 locomotives.

RTA System Financing

As mentioned above, RTA system operations are financed at least 50 percent by farebox revenue, or rider fares, on a system-wide basis. A variety of other revenue sources fund the remainder of operational costs and the capital program. In its role as a financial oversight agency, the RTA is responsible for the various revenue sources used to finance all of the operations and some of the capital projects of the system. The RTA is also responsible for coordinating all capital projects in the system. This requires the RTA to apply for all applicable grants, request funds from funding sources in a timely manner, and monitor the receipts of dedicated income sources such as the RTA Sales Tax. The RTA transfers funds monthly to CTA, Metra and Pace based upon funding guidelines approved by the RTA Board of Directors. CTA, Metra and Pace are responsible for applying directly to the federal and state governments for some capital projects (see also: RTA Discretionary Capital Program and System Capital Needs, under Major Initiatives and Programs, below).

The RTA Sales Tax, which is described below, is the system's primary source of non-farebox revenue. Other funding sources include the State of Illinois, the U.S. Department of Transportation Federal Transit Administration (FTA), and resources within the RTA, such as investment income. As the funding and oversight agency for public transportation in northeastern Illinois, the RTA is the recipient of nearly all non-farebox revenues used to finance operation of the system. The RTA also receives some funds for the system's capital program. The RTA's revenue sources and expenditures are described below and listed on the accompanying table.

Revenue Sources

RTA Sales Tax. The RTA Sales Tax is authorized by the Illinois General Assembly, imposed by the RTA, and collected by the State of Illinois for the RTA. It is the equivalent of one percent on sales in Cook County and one-quarter percent (.25%) in DuPage, Kane, Lake, McHenry, and Will counties. The one percent sales tax in Cook County is comprised of one percent on food and drugs and three-quarters percent (.75%) from all other sales, with the State of Illinois providing a replacement amount to the RTA equivalent to one-quarter percent (.25%) of all other sales (see: Public Transportation Fund, below). The RTA retains 15 percent of the RTA Sales Tax proceeds and passes on the remaining 85 percent to the Service Boards according to the statutory formula represented in the following chart. CTA, Metra and Pace use RTA Sales Tax funds primarily for operations.

Service Boards	Collected Within Chicago	Collected Within Cook County Outside Chicago	Collected in DuPage, Kane, Lake, McHenry, and Will Counties
CTA	100%	30%	– %
METRA	–	55	70
Pace	–	15	30

Interest on RTA Sales Tax. The state pays interest on RTA Sales Tax receipts to the RTA from the period of collection until disbursement to RTA. The RTA disburses a portion of this interest to CTA, Metra and Pace pursuant to a statutory formula. On the accompanying table these funds are under the "Investment Income and Other" category.

Public Transportation Funds (PTF)
Public Transportation Funds are provided by the state and equal one-fourth of RTA Sales Tax receipts. PTF is appropriated by the state only after the RTA certifies to the state and to the City of Chicago that it has adopted an annual budget and financial plan as required by the *RTA Act*. These funds are allocated to CTA, Metra and Pace at the RTA's discretion and are paid only if the service board is in compliance with its annual budget.

Federal Operating Assistance. President Clinton's fiscal year (FY) 1998 budget proposes ending this category of funding in FY 1998.The RTA system received and programmed these funds for 1997. The funds flow through the RTA to CTA, Metra and Pace.

Additional State Assistance. This financing, appropriated annually by the State of Illinois, is equal in amount to bondholder payments made during the State's fiscal year (July 1 to June 30) on the category of bonds called Strategic Capital Improvement Program Bonds issued by the RTA.

State Reduced Fare Reimbursement. This financing, appropriated annually by the State of Illinois, is partial reimbursement of reduced fares mandated by State law and provided by the Service Boards to elderly, disabled, and student riders. The RTA is the grantee and the funds flow through the RTA to CTA, Metra and Pace.

Investment Income. This is income from the RTA's General Fund investment portfolio, which is primarily reserved as local match funds for capital projects funded by the FTA. The investment income is used at the RTA's discretion.

Other Grants and Reimbursements. Includes federal and state funding sources under several programs including the U.S. Department of Transportation's Unified Work Program and FTA operating funds designated for suburban commuter transportation options. Certain of these funds are passed through to the Service Boards. On the accompanying table these funds are under the "Investment Income and Other" category.

Expenditures and Transfers

Operations Funding. This is funding to CTA, Metra and Pace for operations. This includes the flow-through to the Service Boards of RTA Sales Tax receipts, with some limitations; FTA operating assistance funding; and RTA discretionary funding that includes PTF and other revenue.

RTA Statement of Revenues and Expenditures (Including Funding for the Service Boards) 1996 Actual, 1997 Estimate and the 1998-2000 Financial Plan *(amounts in thousands)*

	1996 Actual	1997 Estimate	1998 Budget	1999 Plan	2000 Plan
Revenues					
RTA Sales Tax	$532,304	$551,367	$567,000	$589,652	$614,594
Public Transportation Funds (PTF)	133,044	137,842	142,000	147,413	153,649
Federal Operating Assistance*	21,598	21,592	5,500	0	0
Additional State Assistance	35,677	38,400	39,500	39,500	39,500
State Reduced Fare Reimbursements	20,435	20,000	20,000	20,000	20,000
Investment Income and Other	8,126	6,852	6,855	6,909	6,764
Total Revenues	$751,184	$776,053	$780,855	$803,474	$834,507
Operating Expenditures					
Operations Funding	$597,017	$610,618	$616,913	$626,459	$637,577
Operating Grants & RTA Sales Tax Interest to Service Boards	1,207	1,288	1,291	1,204	1,200
State Reduced Fare Reimbursements to Service Boards	20,435	20,000	20,000	20,000	20,000
Administration and Regional Expenses	13,294	14,985	15,797	16,239	16,694
Total Operating Expenditures	$631,953	$646,891	$654,001	$663,902	$675,471
Funds available before Debt Service and Capital Expenditures	$119,231	$129,162	$126,854	$139,572	$159,036
Debt Service and Capital Expenditures					
Principal and Interest Payments	$70,537	$74,600	$75,000	$75,000	$75,000
Sales Tax for Service Board Capital Projects	31,155	26,896	24,496	27,323	31,841
RTA Discretionary Capital and Service Board Projects	36,450	37,179	30,112	37,249	52,195
Total Debt Service and Capital Expenditures	$138,142	$138,675	$129,608	$139,572	$159,036
Revenues less Expenditures/(Deficit)	($18,911)	($9,513)	($2,754)	$0	$0
Ending Fund Balance	$37,267	27,754	25,000	25,000	25,000

Source: 1998 Annual Budget and Five-Year Program

** According to President Clinton's fiscal year 1998 budget, this category of spending will be ended in 1999.*

Operating Grants and RTA Sales Tax Interest to Service Boards. This category includes both distribution to CTA, Metra and Pace of the interest paid by the state to RTA on RTA Sales Tax receipts and funds for a grant to Pace.

State Reduced Fare Reimbursements. This is the flow-through disbursement of funds for the reduced fare program (see: Revenue Sources, above).

Administration and Regional Expenses. These are direct expenditures for the RTA staff and offices as well as spending for regional functions, such as the RTA Travel Information Center (TIC), RTA Transit Check and ADA paratransit eligibility certification (see: Major Initiatives and Programs, below). These regional function expenses are excluded from the calculation of the RTA's cap on administrative expenditures.

Principal and Interest Payments. These are payments to holders of state-authorized RTA debt.

Sales Tax for Service Board Capital. This is the amount by which Metra's actual share of RTA Sales Tax receipts exceeds the amount budgeted for operations. It is applied to Metra's capital needs.

Discretionary Capital. These are expenditures for RTA and Service Board capital projects (see: RTA Discretionary Capital Program and System Capital Needs, below).

RTA Budget Process

The RTA's budget process contains three phases: budget development, budget adoption, and budget execution and administration. The RTA's fiscal year is the calendar year.

Budget Development

The budget process begins with the Budget Call in mid-year. The call requests CTA, Metra and Pace budget information including a three-year financial plan, financial and operating data, year-over-year comparisons, and supplemental information to accompany the data forwarded to RTA.

By mid-August, CTA, Metra and Pace return the information requested by the Budget Call to the RTA. The RTA Board of Directors reviews this information and in mid-September establishes budget marks for each Service Board. The marks include estimates of available operating funding for the budget and financial plan, estimated cash flows, and the required farebox recovery ratio for the budget (see: RTA System Financing, above). In setting marks, the RTA Board of Directors considers such factors as available RTA revenues for the planning period, the individual Service Board's proposed operating and financial plans, capital needs, potential risks and opportunities, and the economic outlook for the region.

Final Budget Prepared

By November, CTA, Metra and Pace prepare detailed budgets from the marks and submit them to the public through hearings, and then to the RTA. The RTA staff then analyzes and consolidates the information into the *Annual Budget and Five-Year Program.* This document describes in some detail the RTA system's proposed operating budgets and capital programs. The RTA in late November and early December presents the *Annual Budget and Five-Year Program* to the region's six county boards and receives comments on it at public hearings.

Budget Adoption

Later in December the RTA Board of Directors considers the RTA Budget and Financial Plan for the upcoming fiscal/calendar year. Nine affirmative votes from the 13 Board members are required to enact the budget.

The *RTA Act* gives the RTA Board six criteria for budget adoption. They include:

- a balance between costs and revenues,
- ability to pay costs with reasonable promptness,
- adherence to the system-wide 50 percent farebox cost recovery requirement,
- reasonableness and prudence,
- sound financial practices, and
- other financial, budgetary or fiscal requirements the Board may establish.

Chapter 70, Illinois Compiled Statutes Annotated, 3615/4.11.

Budget Execution and Administration

This process begins once the budget is adopted. Detailed budgets of revenues and expenses are forwarded to the RTA by CTA, Metra and Pace. Actual monthly financial performance is measured against the monthly budget and regularly reported to the RTA Board of Directors.

Amending the Budget

Occasionally, a revenue or expense item of the budget is amended because of changes in economic conditions, government funding, a new program, or other reasons. Depending on the type of request, the proposed amendment may be presented to one or more of the standing committees of the RTA Board of Directors for approval. However, all proposed amendments must be approved by the Finance Committee before being recommended to the Board. The RTA Board of Directors ultimately approves or disapproves all proposals. If approved, the RTA and applicable Service Board budgets are amended to include the change. Actual results are subsequently reviewed against the amended budget.

Major Initiatives and Programs

The core functions of the RTA are financial oversight and regional transit planning. At any given time numerous specific activities are taking place under these two primary mandates. Below are listed the more prominent initiatives of the RTA in these areas, as well as our ongoing programs to service the transit-using public.

CTA Privatization Opportunities Study

Chairman Thomas J. McCracken Jr. and the RTA Board of Directors began a region-wide conversation in 1995 on the possible beneficial impacts of privatization to the RTA system.

By 1996, the RTA was funding the unprecedented creation of in-depth efficiency action plans for specific CTA functions on the basis of a co-operative review of CTA practices by the Fortune 500 consulting firm Mercer Management Consulting.

1997 finds CTA implementing the results of the first Mercer diagnostic with financial assistance from the RTA, while Mercer continues to study other areas of possible savings on an RTA-funded program.

Chairman McCracken has spoken frequently of transit's need to discard business as usual and find new, significantly less costly solutions from the private sector wherever possible. The RTA will continue to make global transit privatization success stories, in all of their many forms, an object of study for the benefit of the taxpayers, riders and residents of the region.

RTA Discretionary Capital Program and System Capital Needs

The RTA system's assets have a current (1996) value of $19.2 billion. Its capital needs through 2001, just for repair and replacement, total approximately $5 billion. Only $1.6 billion of this amount is funded. Such expenditures would simply bring the system to a state of good repair. The RTA is committed to articulating the system's capital needs to the General Assembly, Congress and the public as well as advocating sound fiscal policies to meet those needs.

The RTA finances capital improvements through the RTA Discretionary Capital Program. This provides the local match requirement of 20 percent of the project cost for federally funded capital projects and funds select capital projects at 100 percent of their cost, i.e. through RTA-funded capital. Both aspects of this program require RTA Board approval of Service Board proposals.

The local match for federally funded projects requires the cooperative efforts of the Service Boards and the government agencies that allocate these federal dollars. The local match funds are appropriated by the RTA Board.

Some capital projects are funded exclusively by RTA dollars. These funds consist primarily of RTA Sales Tax proceeds which exceed the operating budgets of the Service Boards.

Personal Rapid Transit 2000™ (PRT)

Under its statutory requirement to develop new public transportation technology, the RTA is developing PRT with Raytheon Company, a world-class technology concern. PRT 2000™ offers on-demand, non-stop, origin-to-destination transit service using small vehicles on light, unobtrusive guideways. PRT 2000™ is designed to complement existing mass transportation by providing congestion relief and additional mobility as well as by connecting and distributing mainline riders.

A PRT 2000™ test track has been built at a Raytheon facility in Marlborough, Massachusetts. Upon conclusion of testing the RTA Board will review the feasibility of construction of a demonstration system in Rosemont, Illinois.

Transit-Oriented Development (TOD)

The RTA is the premier municipal proponent of TOD in North America. It supports TOD based on residents defining how they want their community to look and market forces building the envisioned development. It has sponsored publications, demonstrations and workshops to introduce the region to this vital long term strategy to increase system ridership.

Recent RTA advocacy of TOD includes: increasing awareness of TOD in the planning, development and academic communities through the sponsorship of several workshops, seminars and publications; funding the creation of *Guidelines for Transit-Supportive Development* by Lohan Associates for the CTA; funding the development of a TOD curriculum for economic development training; and establishing the RTA as an clearinghouse for TOD research. For more information about RTA's TOD initiative, call the Market Development Division at **312-917-0706.**

RTA Travel Information Center (TIC)

The RTA's TIC provides route and scheduling information for all CTA, Metra and Pace services. RTA TIC operators are available daily from 5 a.m. to 1 a.m. They field an average of 10,500 calls each day. You can call RTA TIC at **312-836-7000** from anywhere in the six-county region. (In most area codes of the region simply dial **836-7000.**)

RTA System Map

In 1995, the agency issued its first new system map in 10 years. Larger, clearer and more comprehensive than earlier versions, the colorful new map contains six individual maps displaying CTA, Metra and Pace routes, municipalities, points of interest, hospitals, colleges, major Chicago Park District parks, forest preserves, streets, roads and highways. Over 150,000 maps are in circulation. The map was updated in 1996. For your copy of the latest RTA System Map, call **312-836-7000.**

RTA Transit Check

RTA Transit Check is a voucher for transportation anywhere on the RTA system and the South Shore Railroad. RTA Transit Checks are purchased by employers and distributed to employees as a benefit. Checks may be purchased in any denomination from $13.50 and up. RTA Transit Checks are tax-deductible to employers and a tax-free benefit to employees who use the CTA, Metra, Pace, the South Shore or vanpools.

RTA Transit Check puts money back in employees' pockets by lowering their commuting costs. It helps employers support clean air, reduce traffic congestion and promote a more reliable, on-time work force. For more information about RTA Transit Check call **1-800-531-2828** between 9:30 a.m. and 7:30 p.m. Central time.

RTA Customer Service Center

The RTA Customer Service Center, located at the Wells Street entrance to the 181 West Madison Street building in downtown Chicago, provides maps and timetables for CTA, Metra and Pace for no charge. Customers can also purchase CTA tokens and CTA and Pace monthly passes. Eligible senior citizens or riders with disabilities can apply for an RTA Reduced Fare Card. Call **312-917-0734** for details.

ADA Paratransit Certification

The RTA is responsible for ADA paratransit eligibility certification in the six-county region. Certification is determined by functional eligibility guidelines established under the *Americans with Disabilities Act*. For information about ADA paratransit certification, call the RTA Certification Helpline at **312-917-HELP (4357)** or **TTY: 312-917-1338.**

RTA Reduced Fare Card

The RTA Reduced Fare Card enables senior citizens who are within three weeks of their 65th birthday or older, qualified veterans, and qualified persons with disabilities to ride all RTA services at a reduced rate. Call the RTA Travel Informa
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